

# **MAKING GOVERNMENT WORK**



# MAKING GOVERNMENT WORK

*We know big Government does not have all the answers. We know there's not a program for every problem. We know, and we have worked to give the American people a smaller, less bureaucratic Government in Washington. And we have to give the American people one that lives within its means. The era of big Government is over. But we cannot go back to the time when our citizens were left to fend for themselves.*

President Clinton  
January 1996

As the President told the Nation, he and his team have worked hard since 1993 to create a leaner, but not meaner, Federal Government, one that works hand-in-hand with States, localities, businesses, and community and civic associations to manage resources wisely while helping those Americans who cannot help themselves.

The President has delivered.

- Since 1993, the Administration has cut the Federal workforce by over 200,000 employees, creating the smallest Federal workforce in 30 years—and, as a share of the total civilian workforce, the smallest Federal workforce since 1931.
- The Administration is creating a Government that provides better service to the American people by building on the four principles of Vice President Gore's National Performance Review—putting customers first, empowering employees to get results, cutting red tape, and cutting back to basics.
- The Administration is transforming agencies into lean, flexible organizations that emphasize performance: measuring the re-

sults of programs, not just the amount of money spent on them; making the Government an effective buyer and manager, especially of complicated information systems; and providing financial accountability for Government spending.

The job has not always been easy. After all, the Administration is trying to transform a Federal Government with vestiges of early 20th Century thinking and organization into one suited for the next century. And, as the Government moves toward a balanced budget, it will have to do as private organizations have done—that is, more with less.

The engines of change are the Federal workers themselves. They are why we can reduce the size of the workforce and still improve service. They are working harder and smarter each and every day.

The President proposes a three percent pay raise for both civilian employees and the military. Once again, the Administration will consult with employee organizations and others before recommending how to allocate the civilian pay raise between locality pay and a national schedule adjustment.



## 13. IMPROVING GOVERNMENT PERFORMANCE

In past years, debates about Government programs were usually dominated by discussions over how much the Government should spend, rather than on what the spending would accomplish. But for Americans, the debates were largely academic. For well over a decade, the public has been saying that Government simply is not working.

Americans expect and deserve common sense Government—a Government that performs well, uses their tax dollars wisely, views them as valued customers, does not impose excessive burdens, and makes a positive impact on their lives when it addresses such problems as crime and poverty and the challenges of employment and education.

To answer the call, the Administration is making Government smaller, better managed, and more efficient. It is, in fact, creating a Government that “works better and costs less.”

### A GOVERNMENT THAT WORKS BETTER

#### Putting Customers First

In 1993, the President issued an Executive Order directing all agencies to develop a comprehensive program of customer surveys, training, standard setting, and benchmarking to enable the Government to deliver service “equal to the best in business.” A year later, the National Performance Review (NPR) published the Government’s first comprehensive set of customer service standards.

The focus on customer service is bearing fruit, as the NPR outlined in *Putting Customers First*. Consider the following successes:

**Social Security Administration’s (SSA) Customer Service Line:** *Business Week* reported in mid-1995 that an independent survey of some of the Nation’s best 1-800 customer service lines ranked SSA’s service on top, ahead of companies like L.L. Bean, Federal Express, and Disney. SSA’s reputation for solv-

ing problems quickly and courteously earned it the highest overall score.

**Customs Service—Streamlining Inspections:** In Miami, the airlines and Federal agencies formed partnerships to overhaul Customs procedures for international travelers, eliminating three-hour delays and missed connecting flights. Officials from the Customs Service, the Immigration and Naturalization Service (INS), and the Agriculture Department worked with airline officials to reduce clearance times to 45 minutes, on average.

**Veterans Affairs Department (VA)—Responding to Customers:** Responding to complaints about long waits to see benefits counselors, the VA promised veterans it would cut waiting times to 30 minutes or less. Having met that promise, the VA in the past year has aimed higher; it now promises veterans no more than a 20-minute wait and is meeting that goal 90 percent of the time.

The Administration has used advances in information technology (IT) to serve customers faster, more accurately, and more reliably. IT is not an end in itself, but a means for agencies to work smarter, faster, and better. By making data more easily accessible, the electronic dissemination of information not only better serves current users but expands the potential audience.

Previously, for information about benefits or services, citizens typically had to visit a Federal office during business hours. Now, the Government is increasingly using 1-800 numbers and on-line connections to deliver such information 24 hours a day.

The information that only the Government collects is vital for many reasons. Businesses and markets depend on census data and other economic statistics to make sound and timely decisions, and access to the results of federally-funded scientific and technical research helps increase the competitiveness of U.S. businesses. Federal geographic and climatological information helps farmers to

plan efficiently, local governments to formulate environmental policy, and public safety officials to prepare for natural disasters.

To expand access to the information, the Government is increasingly using the Internet. For instance, those who rely on economic and social data will soon find it in the Economic and Social Statistics Briefing Room on the White House home page (<http://www.whitehouse.gov/WH/html/briefroom.html>). Other examples include:

- *U.S. Business Advisor Web Site* (<http://www.business.gov>). In February 1996, the Vice President dedicated the opening of this new form of virtual Government agency, which gives businesses one-stop access to all Federal agencies that assist or regulate business.
- *Expand Deployment of Technology in Schools* ([http://www.ed.gov/prog\\_info/ERIC/index.html](http://www.ed.gov/prog_info/ERIC/index.html)). This Education Department on-line information service gives teachers, parents, and students a personal touch through trained specialists available to help them search for information.
- *Modernize Tax Systems* (<http://www.irs.ustreas.gov>). This Internal Revenue Service web site offers electronic versions of the 500 most frequently used tax forms and instruction booklets. In the first half of April 1995, Americans downloaded over 200,000 tax forms and booklets; the day that taxes were due, they downloaded nearly 20,000 forms.

Also to improve customer service, the Administration is encouraging a wider use of electronic payments between citizens and government.

The Federal Government is making more and more payments electronically. In 1996, taxpayers will be able to receive their tax refunds electronically. And as part of the Federal-State Electronic Benefit Transfer (EBT), more beneficiaries of Social Security, Food Stamps, and other programs soon will be able to receive electronic payments.

The Government makes payments to over 90 percent of Federal employees and retirees through direct deposit, and pays vendors through the Government-wide small purchase

card and Government travel card. The Administration and Congress are developing legislation to mandate that, by 1999, the Government make all Federal payments electronically. Chart 13-1 shows the trend for paper checks and electronic payments and, assuming enactment of the bill, projections to 2002.

These efforts to improve customer service and Government performance are beginning to pay off. In 1995, six Federal organizations each received one of the 15 prestigious Innovations in American Government Award, sponsored by the Ford Foundation and Harvard University's John F. Kennedy School of Government. Winners received \$100,000 grants to foster innovation.

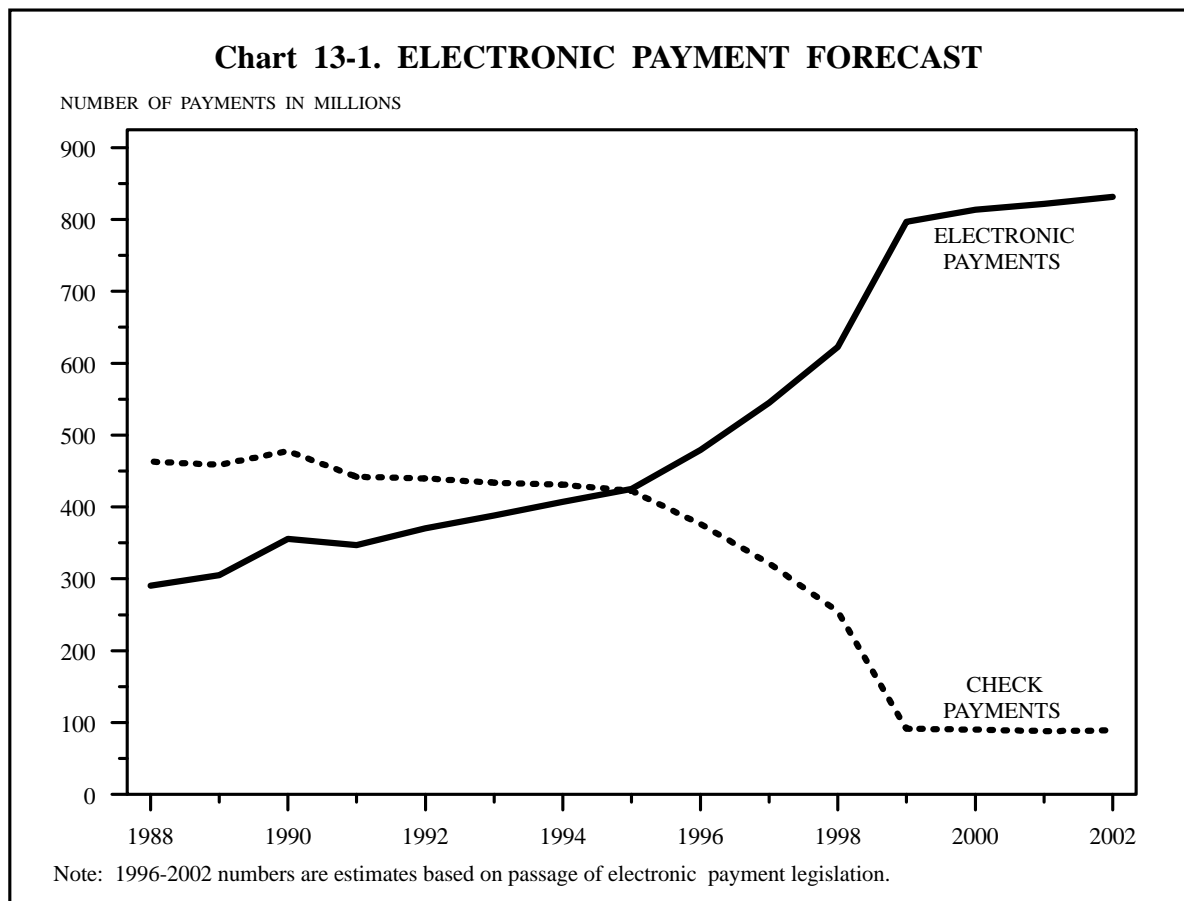
The winners included:

- The Interior Department's Bureau of Reclamation, which transformed itself from a "dam-building agency" into a leading water resource management bureau.
- The Defense Logistics Agency's Defense Personnel Support Center in Philadelphia, which connects consumers with suppliers of food, clothing, and medicine. The center replaced a cumbersome stockpile system with electronic ordering technology.
- INS' Operations Jobs Project in the Midwest, which formed partnerships with businesses to help detect illegal alien workers and replace them with unemployed citizens.

## A GOVERNMENT THAT COSTS LESS

### Streamlining the Government

Americans want a smaller Government, and the Administration is creating one. Starting with the NPR's report of September 1993, *From Red Tape to Results*, and continuing a year later in the Federal Workforce Restructuring Act, the President and Congress agreed to cut 272,900 full-time equivalent (FTE) personnel by the end of this decade—that is, 12 percent in six years. (An FTE is not necessarily synonymous with an employee. Put simply, one full-time employee counts as one FTE, or two employees who each work half-time count as one FTE.)



The Administration is ahead of schedule. It has cut the Federal civilian workforce by 9.8 percent, or by over 200,000 employees, out of 2.2 million in January 1993.<sup>1</sup> We now have the smallest Federal workforce in 30 years (see Chart 13-2) and, as a share of the Nation's total workforce, the smallest since 1931.

Just as important, virtually all departments and major agencies are streamlining their workforces (see Chart 13-3). Agencies with the largest FTE cuts from 1993 to 1995, as a share of their workforce, are the Office of Personnel Management (OPM), at 32 percent; the General Services Administration (GSA), at 18 percent; and the National Aeronautics and Space Administration (NASA), at 13 percent.

<sup>1</sup> The figure of over 200,000 refers to the latest count of actual employees. It corresponds to a reduction of 185,000 FTEs, or 8.6 percent, from January 1993 to September 30, 1995.

### Restructuring Agencies

A smaller Government is not an end in itself. The Government must change the way it operates.

In place of the highly centralized, inflexible organizations of yesterday that focused on process, the Administration is creating decentralized management structures within agencies to focus on results. In the past three years, agencies themselves have cut the number of their supervisory personnel by over 45,000, or 23 percent of the overall cut in employees. The President's Management Council has led efforts to restructure and eliminate unnecessary agency field offices. In many instances, agencies are consolidating their operations, allowing them to close small, inefficient field offices in some places while strengthening the services they provide to customers.

NASA and OPM are two of the agencies that are restructuring.

**Chart 13-2. EXECUTIVE BRANCH CIVILIAN EMPLOYMENT, 1965 - 1996**(excluding Postal Service)  
EMPLOYEES IN MILLIONS

Note: Data for 1965 - 1995 is end-of-year count. 1996 data is as of December 1995.

**NASA:** Nearly 40 years ago, Congress created NASA and gave it nearly unlimited resources to win the “space race.” Today, NASA has launched a major restructuring to do more with less. Without canceling major programs, NASA is cutting its budget needs from 1995 through the year 2000 by 36 percent, and is boosting its productivity by 40 percent over the same period. NASA also is cutting the cost of its spacecraft and increasing the number of launches a year.

How? First, NASA is cutting its headquarters staff in half, consolidating redundant field functions, and focusing the missions of the respective field centers. From 1993–1995, NASA cut its workforce by over 3,000 FTEs. By 2000, the agency will have 8,000 fewer civil servants and 50,000 fewer contract employees.

Second, NASA has changed the nature of its relationship with private industry. The agency and its contractors are engaged in

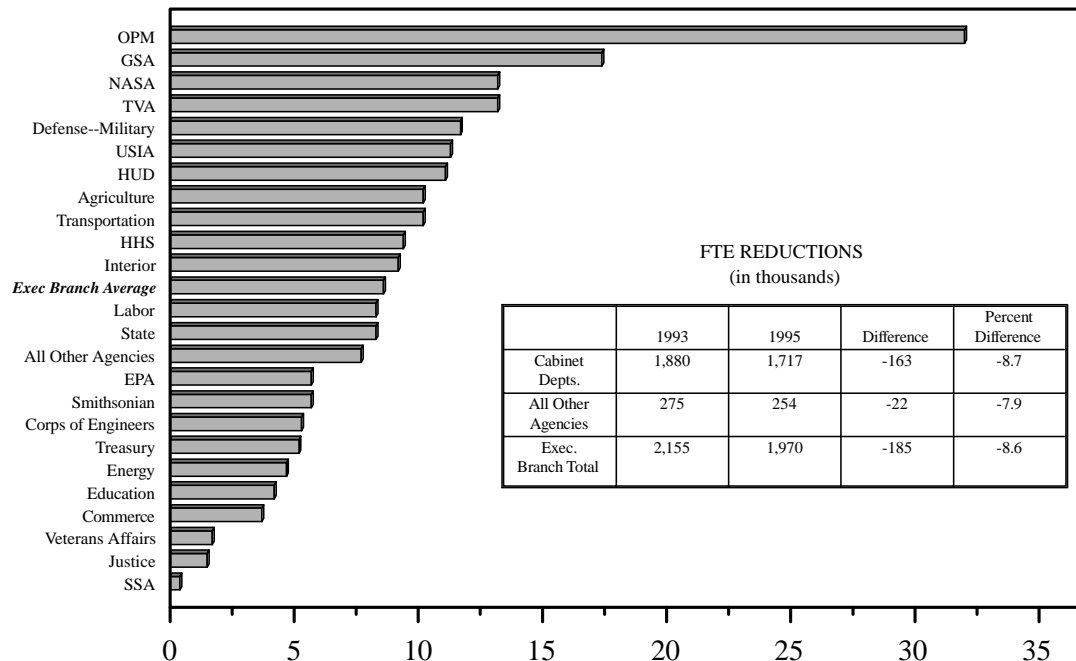
a new partnership, with contractors operating and commercializing more routine space ventures while the Government focuses on high-reward, multi-decade research and development. NASA is using performance-based contracting to tell contractors what it needs from them, but is giving contractors more freedom on how they meet these needs. (For more details on performance-based contracting, see the discussion later in this chapter.)

**OPM:** OPM, the Government’s central personnel management agency, also is doing more with less. After cutting its workforce by 32 percent from 1993 to 1995; scrapping four layers of management and overhead in its field structure; and refocusing its mission on ensuring the integrity of the merit system, OPM redesigned its management structure and functions.

Despite furloughs and a 67 percent cut in appropriated funds in the Employment



**Chart 13-3. CIVILIAN FTE REDUCTIONS  
ON A PERCENT BASIS, 1993 - 1995  
CABINET DEPARTMENTS AND SELECTED INDEPENDENT AGENCIES**



Notes: The Executive Branch total excludes Postal Service. The 1993 base, which is the starting point for calculating the 272,900 FTE reduction required by the Federal Workforce Restructuring Act, is 2.2 million.

Service Program in 1996, OPM worked to provide first-rate service to its customer agencies. Among other things, it used technology to work smarter and cheaper in human resources activities. OPM also reversed a 10-year trend of higher deficits in its revolving fund by imposing tough management decisions, tighter financial controls, and increased accountability. And the agency successfully privatized its training program and will complete privatization of its investigations function in early 1996.

### Reforming Procurement

Until recently, the Federal procurement process had been controlled by a maze of rigid laws and regulations that caused delay, consumed resources, hindered innovation, and made it hard for the Government to choose suppliers committed to delivering good quality at competitive prices.

Federal procurement, which accounts for about \$200 billion in spending a year, has been a top focus of Administration activity. The NPR called for a redesigned procurement system that would rely less on bureaucracy and more on streamlined, customer-oriented practices to deliver better value to the taxpayer.

The Federal Acquisition Streamlining Act of 1994 (FASA), which the Administration and Congress developed cooperatively, includes many Administration proposals relating to purchases of commercial items and purchases considered "smaller-dollar"—that is, under \$100,000. FASA allows agencies to use simplified procedures for a larger class of smaller-dollar purchases, promotes the acquisition of standard commercial items, eliminates many record-keeping and reporting requirements, focuses on past performance in choosing contractors, and reinforces the President's

directive that instructs agencies to use electronic commerce to streamline procurement.

More recently, and at the Administration's urging, Congress reformed the way Government makes larger-dollar purchases and acquires information technology (IT) as part of the Federal Acquisition Reform Act (FARA) and Information Technology Management Reform Act, which the President signed into law earlier this year.

These laws:

- allow the Government to reduce the number of suppliers with whom it has negotiations after it receives initial proposals;
- permit the Government to develop simplified procedures for buying commercial items up to \$5 million, up from \$100,000 under previous law;
- repeal the "Brooks Act," which forced agencies that were buying IT to adhere to special rules and obtain GSA approval;
- establish criteria for agencies to evaluate IT investment programs, modeled on the best practices of successful companies; and
- require agencies first to make the way they work as efficient as possible, then to automate that efficient process, and, finally, to measure the improvement.

***Streamlined Negotiation Process:*** The Administration is working to enable agencies to issue solicitations more easily and to reduce their reliance on the detailed written proposals they receive from suppliers. For example, agencies might ask potential suppliers to present their proposals orally. The Treasury Department's Bureau of Engraving and Printing (BEP) awarded a service contract this way for an international public education campaign relating to the new version of the \$100 bill. BEP estimates that oral presentations saved from eight to 12 months in negotiating time. Firms bidding on the BEP project reported significant cuts in their proposal preparation costs.

Using a different streamlining practice, the Government renegotiated the price of its long-distance telephone contract in 1995 by putting two suppliers in direct competition with one another. The Government chose

two long-distance providers up-front and will periodically put them in head-to-head competition in the future to ensure that the Government continues to get the best value for its dollar. Due to the most recent renegotiation, the Government will save \$200 million a year for the next three years, and will enjoy the lowest long-distance rates anywhere—averaging 3.5 cents a minute.

***Commercial Purchases:*** FASA and FARA also will simplify the procurement process for commercial products and encourage agencies to adopt more commercial practices. These laws are enabling the Government to enjoy the same access to good prices and current technology that other commercial market customers enjoy.

The Defense Department (DOD), Government's largest buyer, is increasingly using commercial products and capabilities in place of custom-designed products that were manufactured solely for the Government market.

- The Air Force, looking to meet DOD's airlift needs, was able to consider a derivative of a commercial airliner as an alternative to the C-17. The competitive pressure enabled the Air Force to save an estimated \$4 billion on C-17 purchases.
- The Navy used commercial electronics in its new sonar systems, instead of a military specifications system, thus reducing the life-cycle costs for 13 systems by \$100 million over 15 years. In addition, commercial electronics have reduced maintenance requirements, training, and downtime by 75 percent.

***Performance-Based Service Contracting:*** The Government spends \$110 billion a year for contracted services. To improve what the Government gets for its dollar, the Administration is introducing performance-based contracting; the Government will make contractors responsible for meeting performance standards while giving them the freedom to decide how.

This method can cut contract costs by an average of 15 percent, according to results of a Government-wide pilot project. The Navy's conversion to performance-based contracting for aircraft maintenance saved an immediate \$25 million, and the selection process took 30 fewer days than the previous, non-perform-

ance-based competition. With this in mind, OMB Director Alice Rivlin asked agencies to develop a structured approach to performance-based contracting in order to boost savings and productivity.

***Past Performance in Picking Contractors:*** In an early initiative, the Administration encouraged agencies to use the commercial practice of comparing the past performance of competing contractors. Knowing their ability to get work depends on how well they have performed, contractors now have a strong incentive to strive for excellence.

The change was immediately apparent to GSA's Federal Supply Service (FSS). After identifying 213 suppliers in its Stock and Special Order Program with poor work histories, FSS stopped working with 163 of them. According to FSS, the remaining 50 have significantly improved their performance.

#### **MEETING BOTH GOALS: WORKS BETTER AND COSTS LESS**

##### **Changing the Way Government Manages Its Work**

The Administration is committed to empowering Federal workers, and encouraging and recognizing their enterprising efforts. Managers and workers are transforming Government from its preoccupation with procedures, process, and penalties to a focus on customers, partnerships, and delivering information and services rapidly. That is, managers and workers are changing the way Government operates.

***"Reinvention Labs":*** In the past three years, the Administration has created over 200 Reinvention Labs, in which groups of employees work outside normal bureaucratic processes to achieve results.

Some Reinvention Labs focus on the work of entire agencies or bureaus. Others concentrate on improving or redesigning specific processes.

- Labs within the Agriculture, Commerce, Energy, Interior, Justice, and Housing and Urban Development (HUD) Departments are developing collaborative partnerships with State and municipal governments

and private entities to reach and serve customers better, and to respond more effectively to local priorities.

- Labs within the Department of Health and Human Services (HHS), GSA, and OPM are streamlining internal systems, such as travel, to save money and free up employees for other work.
- Several DOD labs are employing new technologies to enhance their battlefield support to fighting forces.

Vice President Gore has recognized the successes of reinvention with over 280 "Hammer Awards" for teams of Federal, State, and local employees, businesses, and citizens—praising their efforts to build a Government that works better and costs less.

Over a dozen such awards have gone to multiagency teams, recognizing interagency and intergovernmental cooperation. Atlanta's Government-Owned Real Estate Team, comprising officials from GSA and nine other agencies, received its Hammer Award for simplifying the sale of government-owned real estate.

***The President's Management Council (PMC):*** In his first year, the President asked all executive departments and agencies to name a Chief Operating Officer who would report directly to the agency head and be responsible for the agency's overall management. At the same time, to help him and the Vice President foster management reforms, the President created the PMC, comprising the Chief Operating Officers of the Cabinet departments and several other major agencies.

The PMC is a catalyst and implementer of management reforms. It has contributed to the Administration's efforts to reform procurement and personnel systems, improve customer service, rationalize field office structures, and streamline the Federal workforce. It has worked closely with employee representatives and associations of Government managers to make labor-management partnerships a reality. PMC members also worked closely with Members of Congress to craft buyout legislation to make the necessary Government downsizing more humane.

## Improving Financial Management

An efficient, effective Government needs sound financial management, including management and reporting systems that produce reliable information. To develop these systems, the Administration is establishing Government-wide accounting standards, producing audited financial statements, streamlining management controls and reporting, and modernizing debt collection.

**Government-wide Accounting Standards:** To make the Government's financial information more consistent, the Administration set an ambitious goal for the Federal Accounting Standards Advisory Board to recommend a comprehensive set of Government-wide financial accounting and cost accounting standards by spring. Once the Administration and the General Accounting Office adopt the standards, agencies will use them as they prepare financial reports and cost information that, in turn, make the agencies more accountable to taxpayers.

**Audited Financial Statements:** The Administration has worked to increase the number of agencies with audited financial statements that earned "unqualified opinions" (that is, a clean bill of health). Under the 1990 Chief Financial Officers (CFOs) Act, several agencies and other Government entities must prepare financial statements and have them audited. In 1991, only 35 percent of these entities earned unqualified opinions. By 1994, almost 60 percent did.

The 1994 Government Management Reform Act extended the requirement for audited financial statements to all activities of agencies covered by the CFOs Act, beginning in 1996. Many of the agencies, such as SSA, GSA, NASA, and the Nuclear Regulatory Commission (NRC), already have complied and issued department-wide audited financial statements with unqualified opinions.

**Management Controls and Reporting:** The Administration has worked to cut agency administrative burdens by streamlining management controls and reporting. In June 1995, OMB gave agencies a framework for integrating management control assessments that are now done by agency managers, auditors, and evaluators.

SSA and GSA have produced reports that represent a first step toward such integration. These pilot Accountability Reports, a proposal of the Chief Financial Officers Council, will help these agencies track their progress in meeting performance goals. Four other agencies—the Treasury and Veterans Affairs Departments, NASA, and the NRC—will issue similar Accountability Reports as they complete their 1995 audited financial statements. The pilot effort will continue in 1996. These initiatives also eliminate the need to separately identify and track "high risk areas"—the Government's serious management challenges. Of the 57 high risk areas discussed in last year's budget, agencies have adequately addressed 12 and are tracking the rest.

**Debt Collection:** The Administration and Congress have been developing legislation to modernize debt collection, creating new incentives for the Treasury Department and other agencies to support electronic payment and the collection of debts owed to the Federal Government. Coordinated, Government-wide debt-collection systems can have a substantial payoff.

- Treasury's Tax Refund Offset Program, which intercepts tax refund payments to individuals who owe money to the Government, collected over \$1.2 billion in 1995, including the Education Department's recovery of over \$1 billion for defaulted student loans.
- The Justice Department's Central Intake Facility, which gives agencies a central administrative point to which they can refer debt claims for litigation and enforcement, collected over \$1.2 billion in 1995.
- HUD's Credit Alert system has helped agencies avoid making over \$8.1 billion in potentially bad loans since 1987 by determining whether loan applicants have been late in paying debts owed to the Government.

## Changing the Face of Federal Regulation

Regulations have the potential to be good or bad. Good regulations bring us safer cars and workplaces, cleaner air and water, and fairer business practices. But bad regulations—those that are too costly, too intrusive,

and too inflexible—can impede businesses and other institutions from doing their jobs.

This Administration has sought to develop a more sensible regulatory program, one that reduces the burdens of current and new regulations while improving their effectiveness—in short, a regulatory system that “works better and costs less.” The President laid out his regulatory principles in Executive Order 12866. They include:

- collecting accurate data and using objective analysis to make decisions;
- considering the costs and benefits of alternative ways to reach the goals; and
- opening the decision-making process, with meaningful input from affected entities.

In applying these principles to Government’s day-to-day work, agencies have made impressive progress toward reforming, and restoring confidence in, the regulatory system. The following examples show how agencies have applied these principles to new regulations.

- *Properly identify problems and risks to be addressed, and tailor the regulatory approach narrowly to address them.* After reports of illness from people eating seafood, the Food and Drug Administration (FDA) worked closely with the seafood industry to adopt an approach that had proven effective in improving seafood safety. The resulting regulation requires seafood processors to continually monitor areas where health hazards will most likely develop, employing sound science and a sense of responsibility.
- *Develop Alternative Approaches to Traditional “Command-and-Control” Regulation.* Too frequently, the Government has told regulated entities precisely what to do, when to do it, and how to do it. Experience shows that, in many areas, there are better ways to reach the same goal. As a result, the Administration has decided to:
  1. *Tell people the goals to meet, not how to meet them.* The Transportation Department (DOT) had long required specific designs for packages used to transport hazardous materials. Many of these designs, however, became outdated—

some were never tested to see whether they actually protected the materials being moved and the people moving them. In the past several years, however, DOT has developed new rules that give shippers greater flexibility to design packages, so long as they meet safety thresholds. DOT’s action has cut costs, in time as well as money.

2. *Rely on Market Incentives.* In such areas as fisheries, air transportation, and the environment, the Government is creating “tradeable permit” systems. For example, in regions where fishermen receive permits to catch a certain amount of fish, tradeable permits let them catch more fish by buying the unused portion of other fishermen’s quotas. Similarly, airlines can buy and sell landing rights at congested airports, and businesses can buy and sell permits to discharge limited amounts of specific pollutants.

- *Develop rules that, according to sound analysis, are cost-effective and provide maximum benefits.* When such analysis suggested how to save more lives for less money, DOT reassessed a proposal to increase protection for side impacts in light trucks and, instead, chose a more cost-effective proposal to increase protection for head impacts in passenger cars and trucks.
- *Streamline, simplify, and reduce the burden of Federal regulation.* To reduce the burdens on small business, the Small Business Administration (SBA) recently developed an easy, one-page application for loans up to \$100,000.
- *Consult with those affected by the regulation, especially State, local, and Tribal governments.* The law requires the Environmental Protection Agency (EPA) to set emissions limits for certain toxic materials from new and existing municipal waste combustors. After consulting with local officials who operate these facilities, EPA revised its regulation, maintaining adequate protection without unduly burdening local governments.

**Regulatory Reform:** Improving new regulations is only half the challenge; revising existing ones is equally important. In 1995, the President directed agencies to review, page-by-page, their existing regulations and eliminate those that were unduly burdensome, outdated, or in need of revision. The Government is now eliminating 16,000 pages of regulations and improving another 31,000. By the end of 1995, agencies already had eliminated over a third of the 16,000 pages, and improved nearly 5,000 others.

In 1995, the President announced specific regulatory reforms by major agencies, including the EPA; FDA; the Departments of Agriculture, Labor, and Treasury; the Pension Benefit Guaranty Corporation; and SBA. For example, FDA will reform the process for developing drugs and medical devices to bring safe and effective products to market quicker. Recently, FDA also pledged to simplify and speed the development of drugs created

through biotechnology—an important growth industry. And FDA has joined with the Agriculture Department to make major reforms in the rules that govern food safety.

**Waivers:** The Administration has used waivers to cut Federal red tape and give more flexibility to States and localities. HHS has given welfare reform waivers to 37 States and Medicaid waivers to 12, allowing them to experiment with new ways to provide services. The Administration also has provided over 700 waivers to the Food Stamp Act.

The Education Department has used waivers extensively, approving 84 under the Elementary and Secondary Education Act and Goals 2000 to give States, school districts, and schools more flexibility to improve academic achievement. It also has designated Kansas, Massachusetts, Ohio, Oregon, and Texas as Ed-Flex States, allowing them to provide waiver authority to their local districts without further approval.